

House Engrossed

State of Arizona  
House of Representatives  
Forty-sixth Legislature  
First Regular Session  
2003

CHAPTER 2

**HOUSE BILL 2025**

AN ACT

AMENDING SECTIONS 38-651 AND 41-621, ARIZONA REVISED STATUTES; REPEALING LAWS  
2002, CHAPTER 328, SECTION 25; RELATING TO STATE EMPLOYEE HEALTH INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 38-651, Arizona Revised Statutes, is amended to  
3 read:

4 38-651. Expenditure of funds for health and accident insurance

5 A. The department of administration may expend public monies  
6 appropriated for such purpose to procure health and accident coverage for  
7 full-time officers and employees of the state and its departments and  
8 agencies. The department of administration may adopt rules which provide  
9 that if an employee dies while the employee's surviving spouse's health  
10 insurance is in force, the surviving spouse shall be entitled to no more than  
11 thirty-six months of extended coverage at one hundred two per cent of the  
12 group rates by paying the premiums. No public monies may be expended to pay  
13 all or any part of the premium of health insurance continued in force by the  
14 surviving spouse. The department of administration shall seek a variety of  
15 plans for self-insurance, including indemnity health insurance, hospital and  
16 medical service plans, dental plans and health maintenance organizations. On  
17 A RECOMMENDATION OF THE DEPARTMENT OF ADMINISTRATION AND the approval REVIEW  
18 of the joint legislative budget committee, the department of administration  
19 shall MAY self-insure by ~~October 1, 2003~~ for the purposes of this  
20 subsection. IF the department of administration SELF-INSURES, THE DEPARTMENT  
21 may contract directly with preferred provider organizations, physician and  
22 hospital networks, indemnity health insurers, hospital and medical service  
23 plans, dental plans and health maintenance organizations for self-insurance.

24 The department of administration by rule shall designate and adopt  
25 performance standards, including cost competitiveness, utilization review  
26 issues, network development and access, conversion and implementation, report  
27 timeliness, quality outcomes and customer satisfaction for qualifying  
28 plans. The qualifying plans for which the standards are adopted include  
29 indemnity health insurance, hospital and medical service plans, closed panel  
30 medical and dental plans and health maintenance organizations, and for  
31 eligibility of officers and employees to participate in such plans. Any  
32 indemnity health insurance or hospital and medical service plan designated  
33 as a qualifying plan by the department of administration must be open for  
34 enrollment to all permanent full-time state employees, except that any plan  
35 established prior to June 6, 1977 may be continued as a separate plan. Any  
36 closed panel medical or dental plan or health maintenance organization  
37 designated as the qualifying plan by the department of administration must  
38 be open for enrollment to all permanent full-time state employees residing  
39 within the geographic area or area to be served by the plan or  
40 organization. Officers and employees may select coverage under the available  
41 options.

42 B. The department of administration may expend public monies  
43 appropriated for such purpose to procure health and accident coverage for the  
44 dependents of full-time officers and employees of the state and its  
45 departments and agencies. The department of administration shall seek a

1 variety of plans for self-insurance, including indemnity health insurance,  
 2 hospital and medical service plans, dental plans and health maintenance  
 3 organizations. On A RECOMMENDATION OF THE DEPARTMENT OF ADMINISTRATION AND  
 4 the approval REVIEW of the joint legislative budget committee, the department  
 5 of administration shall MAY self-insure by October 1, 2003 for the purposes  
 6 of this subsection. IF the department of administration SELF-INSURES, THE  
 7 DEPARTMENT may contract directly with preferred provider organizations,  
 8 physician and hospital networks, indemnity health insurers, hospital and  
 9 medical service plans, dental plans and health maintenance organizations for  
 10 self-insurance. The department of administration by rule shall designate and  
 11 adopt performance standards, including cost competitiveness, utilization  
 12 review issues, network development and access, conversion and implementation,  
 13 report timeliness, quality outcomes and customer satisfaction for qualifying  
 14 plans. The qualifying plans for which the standards are adopted include  
 15 indemnity health insurance, hospital and medical service plans, closed panel  
 16 medical and dental plans and health maintenance organizations, and for  
 17 eligibility of the dependents of officers and employees to participate in  
 18 such plans. Any indemnity health insurance or hospital and medical service  
 19 plan designated as a qualifying plan by the department of administration must  
 20 be open for enrollment to all permanent full-time state employees, except  
 21 that any plan established prior to June 6, 1977 may be continued as a  
 22 separate plan. Any closed panel medical or dental plan or health maintenance  
 23 organization designated as a qualifying plan by the department of  
 24 administration must be open for enrollment to all permanent full-time state  
 25 employees residing within the geographic area or area to be served by the  
 26 plan or organization. Officers and employees may select coverage under the  
 27 available options.

28 C. The department of administration shall designate the Arizona health  
 29 care cost containment system established by title 36, chapter 29 as a  
 30 qualifying plan for the provision of health and accident coverage to  
 31 full-time state officers and employees and their dependents. The Arizona  
 32 health care cost containment system shall not be the exclusive qualifying  
 33 plan for health and accident coverage for state officers and employees either  
 34 on a statewide or regional basis.

35 D. Except as provided in section 38-652, public monies expended  
 36 pursuant to this section each month shall not exceed:

37 1. Five hundred dollars multiplied by the number of officers and  
 38 employees who receive individual coverage.

39 2. One thousand two hundred dollars multiplied by the number of  
 40 married couples if both members of the couple are either officers or  
 41 employees and each receives individual coverage or family coverage.

42 3. One thousand two hundred dollars multiplied by the number of  
 43 officers or employees who receive family coverage if the spouses of the  
 44 officers or employees are not officers or employees.

45 E. Subsection D of this section:

1           1. Establishes a total maximum expenditure of public monies pursuant  
2 to this section.

3           2. Does not establish a minimum or maximum expenditure for each  
4 individual officer or employee.

5           F. In order to ensure that an officer or employee does not suffer a  
6 financial penalty or receive a financial benefit based on the officer's or  
7 employee's age, gender or health status, the department of administration  
8 shall consider implementing the following:

9           1. Requests for proposals for health insurance that specify that the  
10 carrier's proposed premiums for each plan be based on the expected age,  
11 gender and health status of the entire pool of employees and officers and  
12 their family members enrolled in all qualifying plans and not on the age,  
13 gender or health status of the individuals expected to enroll in the  
14 particular plan for which the premium is proposed.

15           2. Recommendations from a legislatively established study group on  
16 risk adjustments relating to a system for reallocating premium revenues among  
17 the contracting qualifying plans to the extent necessary to adjust the  
18 revenues received by any carrier to reflect differences between the average  
19 age, gender and health status of the enrollees in that carrier's plan or  
20 plans and the average age, gender and health status of all enrollees in all  
21 qualifying plans.

22           G. Each officer or employee shall certify on the initial application  
23 for family coverage that such officer or employee is not receiving more than  
24 the contribution for which eligible pursuant to subsection D of this section.  
25 Each officer or employee shall also provide such certification on any change  
26 of coverage or marital status.

27           H. If a qualifying health maintenance organization is not available  
28 to an officer or employee within fifty miles of the officer's or employee's  
29 residence and the officer or employee is enrolled in a qualifying plan, the  
30 officer or employee shall be offered the opportunity to enroll with a health  
31 maintenance organization when the option becomes available. If a health  
32 maintenance organization is available within fifty miles and it is determined  
33 by the department of administration that there is an insufficient number of  
34 medical providers in the organization, the department may provide for a  
35 change in enrollment from plans designated by the director when additional  
36 medical providers join the organization.

37           I. Notwithstanding the provisions of subsection H of this section,  
38 officers and employees who enroll in a qualifying plan and reside outside the  
39 area of a qualifying health maintenance organization shall be offered the  
40 option to enroll with a qualified health maintenance organization offered  
41 through their provider under the same premiums as if they lived within the  
42 area boundaries of the qualified health maintenance organization, provided  
43 that:

1        1. All medical services are rendered and received at an office  
2 designated by the qualifying health maintenance organization or at a facility  
3 referred by the health maintenance organization.

4        2. All nonemergency or nonurgent travel, ambulatory and other expenses  
5 from the residence area of the officer or employee to the designated office  
6 of the qualifying health maintenance organization or the facility referred  
7 by the health maintenance organization shall be the responsibility of and at  
8 the expense of the officer or employee.

9        3. All emergency or urgent travel, ambulatory and other expenses from  
10 the residence area of the officer or employee to the designated office of the  
11 qualifying health maintenance organization or the facility referred by the  
12 health maintenance organization shall be paid pursuant to any agreement  
13 between the health maintenance organization and the officer or employee  
14 living outside the area of the qualifying health maintenance organization.

15        J. The department of administration shall allow any school district  
16 in this state that meets the requirements of section 15-388, a charter school  
17 in this state that meets the requirements of section 15-187.01 or a city,  
18 town, county, community college district, special taxing district, authority  
19 or public entity organized pursuant to the laws of this state that meets the  
20 requirements of section 38-656 to participate in the health and accident  
21 coverage prescribed in this section. A school district, a charter school,  
22 a city, a town, a county, a community college district, a special taxing  
23 district, an authority or any public entity organized pursuant to the laws  
24 of this state rather than the state shall pay directly to the benefits  
25 provider the premium for its employees.

26        K. The department of administration shall determine the actual  
27 administrative and operational costs associated with school districts,  
28 charter schools, cities, towns, counties, community college districts,  
29 special taxing districts, authorities and public entities organized pursuant  
30 to the laws of this state participating in the state health and accident  
31 insurance coverage. These costs shall be allocated to each school district,  
32 charter school, city, town, county, community college district, special  
33 taxing district, authority and public entity organized pursuant to the laws  
34 of this state based upon the total number of employees participating in the  
35 coverage.

36        L. Insurance providers contracting with the state shall separately  
37 maintain records that delineate claims and other expenses attributable to  
38 participation of a school district, charter school, city, town, county,  
39 community college district, special taxing district, authority and public  
40 entity organized pursuant to the laws of this state in the state health and  
41 accident insurance coverage and, by November 1 of each year, shall report to  
42 the department of administration the extent to which state costs are impacted  
43 by participation of school districts, charter schools, cities, towns,  
44 counties, community college districts, special taxing districts, authorities  
45 and public entities organized pursuant to the laws of this state in the state

1 health and accident insurance coverage. By December 1 of each year, the  
2 director of the department of administration shall submit a report to the  
3 president of the senate and the speaker of the house of representatives  
4 detailing the information provided to the department by the insurance  
5 providers and including any recommendations for possible legislative action.

6 M. Any person that submits a bid to provide health and accident  
7 coverage pursuant to this section shall disclose any court or administrative  
8 judgments or orders issued against that person within the last ten years  
9 before the submittal.

10 Sec. 2. Section 41-621, Arizona Revised Statutes, is amended to read:

11 41-621. Purchase of insurance; coverage; limitations;  
12 exclusions; definitions

13 A. The department of administration shall obtain insurance against  
14 loss, to the extent it is determined necessary and in the best interests of  
15 the state as provided in subsection F of this section, on the following:

16 1. All state owned buildings, including those of the universities,  
17 excluding buildings of community colleges, whether financed in whole or in  
18 part by state monies or buildings in which the state has an insurable  
19 interest as determined by the department of administration.

20 2. Contents in any buildings owned, leased or rented, in whole or in  
21 part, by or to the state, excluding buildings of community colleges, and  
22 reported to the department of administration.

23 3. The state and its departments, agencies, boards and commissions and  
24 all officers, agents and employees thereof and such others as may be  
25 necessary to accomplish the functions or business of the state and its  
26 departments, agencies, boards and commissions against liability for acts or  
27 omissions of any nature while acting in authorized governmental or  
28 proprietary capacities and in the course and scope of employment or  
29 authorization except as prescribed by this chapter.

30 4. All personal property reported to the department of administration,  
31 including vehicles and aircraft owned by the state and its departments,  
32 agencies, boards and commissions and all non-owned personal property which  
33 is under the clear responsibility of this state because of written leases or  
34 other written agreements.

35 5. The state and its departments, agencies, boards and commissions  
36 against casualty, use and occupancy and liability losses of every nature  
37 except as prescribed by this chapter.

38 6. Workers' compensation and employers' liability insurance.

39 7. Design and construction of buildings, roads, environmental  
40 remediations and other construction projects.

41 8. Other exposures to loss where insurance may be required to protect  
42 this state and its departments, agencies, boards and commissions and all  
43 officers, agents and employees acting in the course and scope of employment  
44 or authorization except as prescribed by this chapter.

1       B. To the extent it is determined necessary and in the best interests  
2 of the state, the department of administration shall obtain insurance or  
3 provide for state self-insurance against property damage caused by clients  
4 and liability coverage resulting from, the direct or incidental care of  
5 clients participating in programs of the state and its departments, agencies,  
6 boards or commissions relating to custodial care. The insurable programs  
7 shall include foster care, programs for the developmentally disabled, an  
8 independent living program pursuant to section 8-521 and respite-sitter  
9 service programs. The department shall obtain insurance or provide for state  
10 self-insurance pursuant to this subsection to protect the clients  
11 participating in these programs and individual providers of these program  
12 services on behalf of the state and its departments, agencies, boards or  
13 commissions. ~~The department may provide self-insurance for medical and~~  
14 ~~dental coverage for these program providers pursuant to section 38-651.~~  
15 ~~Self-insurance for medical and dental coverage may be provided pursuant to~~  
16 ~~this subsection only after approval by the joint legislative budget~~  
17 ~~committee. Participating program providers shall pay the full cost of any~~  
18 ~~medical and dental coverage they receive. Participating program providers~~  
19 ~~may allocate some or all of the costs of the medical and dental coverage to~~  
20 ~~their employees. The insurance provided under this subsection does not~~  
21 ~~include MEDICAL OR workers' compensation coverage for providers. The~~  
22 ~~department may include in its annual budget request pursuant to section~~  
23 ~~41-622, subsection D a charge for the insurance or self-insurance provided~~  
24 ~~in this subsection. To assist in carrying out the provisions of this~~  
25 ~~subsection, the department shall establish a seven member advisory board in~~  
26 ~~accordance with the following provisions:~~

27       1. The board shall consist of three members appointed by the director  
28 of the department of administration, at least one of whom shall be a foster  
29 parent, two members appointed by the director of the department of economic  
30 security, one member appointed by the director of the state department of  
31 corrections, and one member appointed by the administrative director of the  
32 courts.

33       2. The board shall elect a chairman from among its members.

34       3. The board shall hold at least two meetings a year or shall meet at  
35 the call of the chairman.

36       4. Board members shall serve for three year terms.

37       5. Board members are not eligible to receive compensation but are  
38 eligible for reimbursement of expenses pursuant to title 38, chapter 4,  
39 article 2.

40       6. The board shall provide advice to the department regarding coverage  
41 and administration of the provisions of this subsection and shall assist the  
42 department in coordinating its activities pursuant to this subsection with  
43 state departments, agencies, boards and commissions.

44       C. The department of administration may obtain insurance against loss,  
45 to the extent it is determined necessary and in the best interests of the

1 state as provided in subsection F of this section for the professional  
2 liability of individual physicians and psychiatrists who provide services  
3 under a contract with the state department of corrections. Coverage is  
4 limited to acts and omissions committed inside a state department of  
5 corrections facility while in the performance of the contract and to  
6 individual physicians and psychiatrists who demonstrate to the satisfaction  
7 of the state department of corrections that they cannot otherwise obtain  
8 professional liability coverage for the services required by the contract.  
9 The director of the department of administration may impose on the state  
10 department of corrections a deductible of not more than ten thousand dollars  
11 per loss that arises out of a professional liability claim pursuant to this  
12 subsection. Deductible amounts established by the director shall be subject  
13 to annual review by the joint legislative budget committee.

14 D. The department of administration may obtain property, liability,  
15 disability or workers' compensation insurance, self-insure or develop risk  
16 retention pools to provide for payment of property loss or casualty claims  
17 or disability insurance claims against contractors of this state with the  
18 approval of the joint legislative budget committee. With respect to  
19 insurance, self-insurance or risk retention pools for contractors licensed  
20 and contracted to do work for this state, the coverage afforded applies with  
21 respect to the conduct of the business entity of that contractor. The pool  
22 is available to all contractors regardless of the amount that the state  
23 contracted work bears in relation to the amount of nonstate contracted  
24 work. The contractor shall be terminated from the pool if the contractor  
25 ceases to be a state contractor.

26 E. The department of administration may determine, in the best  
27 interests of the state, that state self-insurance is necessary or desirable  
28 and, if that decision is made, shall provide for state self-insurance for  
29 losses arising out of state property, liability or workers' compensation  
30 claims prescribed by subsection A of this section. If the department of  
31 administration provides state self-insurance, such coverage shall be excess  
32 over any other valid and collectible insurance. The director of the  
33 department of administration may impose on state departments, agencies,  
34 boards and commissions a deductible of not more than ten thousand dollars per  
35 loss that arises out of a property, liability or workers' compensation loss  
36 pursuant to this subsection. Deductible amounts established by the director  
37 shall be subject to annual review by the joint legislative budget committee.

38 F. In carrying out the provisions of this chapter, the department of  
39 administration shall establish and provide the state with some or all of the  
40 necessary risk management services, or shall contract for risk management  
41 services pursuant to chapter 23 of this title, as the director of the  
42 department of administration deems necessary in the best interest of the  
43 state, and may, in addition to other specifications of such coverage as  
44 deemed necessary, determine self-insurance to be established. The provisions  
45 of chapter 23 of this title shall not apply to the department of



1 administration's procurement of insurance to cover losses arising out of  
2 state property or liability claims prescribed in subsections A and D of this  
3 section or excess loss insurance for the state's workers' compensation  
4 liability for individual or aggregate claims, or both, in such amounts and  
5 at such primary retention levels as the department of administration deems  
6 in the best interest of the state. In purchasing insurance to cover losses  
7 arising out of state property or liability claims prescribed by subsection  
8 A of this section, the department of administration is not subject to the  
9 provisions of title 20, chapter 2, article 5.

10 G. No successful bidder for risk management services pursuant to this  
11 section shall be entitled to receive directly or indirectly any sales  
12 commission, contingent commission, excess profit commission, or other  
13 commissions, or anything of value, as payment for the risk management  
14 services except those amounts received directly from this state as payment  
15 for the risk management services.

16 H. The department of administration shall pay for purchased risk  
17 management services, premiums for insurance on state property and state  
18 liability and workers' compensation pursuant to the provisions of this  
19 chapter.

20 I. A state officer, agent or employee acting in good faith, without  
21 wanton disregard of his statutory duties and under the authority of an  
22 enactment that is subsequently declared to be unconstitutional, invalid or  
23 inapplicable is not personally liable for an injury or damage caused thereby  
24 except to the extent that he would have been personally liable had the  
25 enactment been constitutional, valid and applicable.

26 J. A state officer, agent or employee, except as otherwise provided  
27 by statute, is not personally liable for an injury or damage resulting from  
28 his act or omission in a public official capacity where the act or omission  
29 was the result of the exercise of the discretion vested in him if the  
30 exercise of the discretion was done in good faith without wanton disregard  
31 of his statutory duties.

32 K. The state and its departments, agencies, boards and commissions are  
33 immune from liability for losses arising out of a judgment for willful and  
34 wanton conduct resulting in punitive or exemplary damages.

35 L. The following exclusions shall apply to subsections A, B and E of  
36 this section:

37 1. Losses against this state and its departments, agencies, boards and  
38 commissions that arise out of and are directly attributable to an act or  
39 omission determined by a court to be a felony by a person who is provided  
40 coverage pursuant to this article unless the state knew of the person's  
41 propensity for that action, except those acts arising out of the operation  
42 or use of a motor vehicle.

43 2. Losses arising out of contractual breaches.

44 M. If self-insurance coverage is determined to exist, the attorney  
45 general, with funds provided by the department of administration, shall

1 provide for the defense, either through his office or by appointment of  
2 outside legal counsel, of the state and its departments, agencies, boards and  
3 commissions and all officers, agents and employees thereof and such others  
4 as are insured by the department of administration for or on account of their  
5 acts or omissions covered pursuant to this chapter. All state departments,  
6 agencies, boards and commissions, all officers, agents and employees thereof  
7 and such others as are insured by the department of administration shall  
8 cooperate fully with the attorney general and department of administration  
9 in the defense of claims arising pursuant to this chapter.

10 N. A claim for liability damages made pursuant to this chapter may be  
11 settled and payment made up to the amount of twenty-five thousand dollars or  
12 such higher limit as may be established by the joint legislative budget  
13 committee with the approval of the director of the department of  
14 administration. A claim over the amount of twenty-five thousand dollars up  
15 to fifty thousand dollars or such higher limit as may be established by the  
16 joint legislative budget committee may be settled and payment made with the  
17 approval of the director of the department of administration and the attorney  
18 general. Any claim over the amount of fifty thousand dollars or such higher  
19 limit as may be established by the joint legislative budget committee may be  
20 settled and payment made with the approval of the director of the department  
21 of administration, the attorney general and the joint legislative budget  
22 committee. If it is in the best interest of this state, the joint  
23 legislative budget committee may establish higher settlement limits. Any  
24 settlements involving amounts in excess of fifty thousand dollars or such  
25 higher limit as may be established by the joint legislative budget committee  
26 shall be approved by the department of administration, the attorney general  
27 and the joint legislative budget committee pursuant to the authority  
28 granted. The settlement of liability claims shall be solely the authority  
29 of the department of administration, the attorney general and the joint  
30 legislative budget committee. No state department, agency, board or  
31 commission or any officer, agent or employee of this state may voluntarily  
32 make any payment, assume any obligation, incur any expense or maintain the  
33 individual right of consent for liability claims made pursuant to this  
34 chapter except as provided by this section.

35 O. Neither the authority provided by this section to insure, nor the  
36 exercise of such authority, shall:

37 1. Impose any liability on this state or the departments, agencies,  
38 boards and commissions or any officers, agents and employees of this state  
39 unless such liability otherwise exists.

40 2. Impair any defense this state or the departments, agencies, boards  
41 and commissions or any officers, agents and employees of this state otherwise  
42 may have.

43 P. The department of administration shall pay, on behalf of any state  
44 officer, agent or employee, any damages, excluding punitive damages, for  
45 which the officer, agent or employee becomes legally responsible if the acts

1 or omissions resulting in liability were within the officer's, agent's or  
2 employee's course and scope of employment. The department of administration  
3 may pay for all damages however designated which the officer, agent or  
4 employee becomes legally responsible for if the acts or omissions resulting  
5 in liability are determined by the director of the department of  
6 administration to be within the person's course and scope of employment.

7 Q. The department of administration shall adopt such rules as are  
8 deemed necessary to carry out, implement and limit the provisions of this  
9 chapter.

10 R. For THE purposes of determining whether a state officer, agent or  
11 employee is entitled to coverage under this chapter, "within the course and  
12 scope of employment or authorization" means:

13 1. The acts or omissions that the state officer, agent or employee is  
14 employed or authorized to perform.

15 2. The acts or omissions of the state officer, agent or employee occur  
16 substantially within the authorized time and space limit.

17 3. The acts or omissions are activated at least in part by a purpose  
18 to serve this state or its departments, agencies, boards or commissions.

19 S. To the extent it is determined necessary and in the best interest  
20 of this state, the department of administration may obtain design and  
21 construction insurance or provide for self-insurance against property damage  
22 caused by this state, its departments, agencies, boards and commissions and  
23 all officers and employees of this state in connection with the construction  
24 of public works projects. Workers' compensation liability insurance may be  
25 purchased to cover both general contractors and subcontractors doing work on  
26 a specific contracted work site. The department may include in its annual  
27 budget request, pursuant to section 41-622, subsection D, the cost of the  
28 insurance purchased or provided. In connection with the construction of  
29 public works projects, the department of administration may also use an  
30 owner-controlled or wrap-up insurance program if all of the following  
31 conditions are met:

32 1. The total cost of the project is over fifty million dollars.

33 2. The program maintains completed operations coverage for a term  
34 during which coverage is reasonably commercially available as determined by  
35 the director of the department of insurance, but in no event for less than  
36 three years.

37 3. Bid specifications clearly specify for all bidders the insurance  
38 coverage provided under the program and the minimum safety requirements that  
39 shall be met.

40 4. The program does not prohibit a contractor or subcontractor from  
41 purchasing any additional insurance coverage that a contractor believes is  
42 necessary for protection from any liability arising out of the contract. The  
43 cost of the additional insurance shall not be passed through to this state  
44 on a contract bid.

45 5. The program does not include surety insurance.

1 T. The state may purchase an owner-controlled or wrap-up policy that  
2 has a deductible or self-insured retention as long as the deductible or  
3 self-insured retention does not exceed one million dollars.

4 U. For THE purposes of subsections S and T of this section:

5 1. "Owner-controlled or wrap-up insurance" means a series of insurance  
6 policies issued to cover this state and all of the contractors,  
7 subcontractors, architects and engineers on a specified contracted work site  
8 for purposes of general liability, property damage and workers' compensation.

9 2. "Specific contracted work site" means construction being performed  
10 at one site or a series of contiguous sites separated only by a street,  
11 roadway, waterway or railroad right-of-way, or along a continuous system for  
12 the provision of water and power.

13 Sec. 3. Repeal

14 Laws 2002, chapter 328, section 25 is repealed.

15 Sec. 4. Emergency

16 This act is an emergency measure that is necessary to preserve the  
17 public peace, health or safety and is operative immediately as provided by  
18 law.

APPROVED BY THE GOVERNOR FEBRUARY 7, 2003.

FILED IN THE OFFICE OF THE SECRETARY OF STATE FEBRUARY 10, 2003.

Passed the House January 16, 2003,

by the following vote: 57 Ayes,

0 Nays, 3 Not Voting  
*with emergency*  
Jake Flake  
Speaker of the House

Spencer L. Moore  
Chief Clerk of the House

Passed the Senate January 30, 2003,

by the following vote: 30 Ayes,

0 Nays, 0 Not Voting  
*with emergency*  
Kelli Phunt  
President of the Senate

Charmine Bell  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

3 day of February, 2003,

at 2:48 o'clock P M.

Vandrea Ramirez  
Secretary to the Governor

Approved this 7<sup>th</sup> day of

Feb., 2003,

at 7:30 o'clock A.M. M.

Jan. H.  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 10<sup>th</sup> day of February, 2003,

at 4:31 o'clock P M.

Janice K. Brewer  
Secretary of State

H.B. 2025